ASSIGNMENT

Course Code	**:**	**MMPF - 003**
Course Title	**:**	**Management Control Systems**
Assignment Code	**:**	**MMPF - 003 /TMA/JULY/2026**
Coverage	**:**	**All Blocks**

Note: Attempt all the questions and submit this assignment to the Coordinator of your study centre. Last date of submission for July 2026 Semester is 31st October 2026 and for January 2027 Semester is 30th April 2027.

1. Explain the concept of 'Strategy'. What issues are addressed by corporate level strategies? Describe the various Business Unit level Strategies.

2. What are 'Responsibility Centres'? Describe in detail the various types of Responsibility Centres. Discuss the benefits and limitations of profit Decentralization.

3. What are the objectives of 'Reward and Compensation plan'? Discuss the characteristics of Incentive Compensation Plans. Describe the Total Bonus Plan and Deferred Compensation Plan.

4. Explain the following:
   (a) Business Process Reengineering (BPR)
   (b) Enterprise Resource Planning (ERP)
   (c) Programme and Performance Budgeting (PPB)
   (d) Agency Theory Framework

5. What are the characteristics of Service Organizations? Describe the General Characteristics and Risk Characteristics of Banks. Discuss the role of Management Control Systems in containing risks faced by the Banks.

1. Explain the concept of ‘Strategy’. What issues are addressed by corporate level strategies? Describe the various Business Unit level Strategies.

Answer

A strategy is a broad plan that gives direction to an organisation and explains how it will use its resources to achieve long-term objectives. It links the organisation with its external environment. A good strategy is based on the opportunities and threats in the industry, the organisation’s own strengths and weaknesses, and the values and expectations of its important stakeholders. It does not describe every routine activity. Instead, it makes the major choices that guide later plans, budgets and operating decisions. In management control, strategy is especially important because the control system should encourage managers to take actions that support these chosen directions.

Strategy formulation involves making choices under uncertainty. It differs from routine planning because it decides the broad direction before detailed targets are fixed. Once a strategy has been chosen, management control converts it into annual plans, budgets, responsibility assignments and performance measures. This is why the same control system cannot be used mechanically for every business; measures and incentives should reflect the strategic priorities of the unit.

Issues addressed by corporate level strategies

Corporate level strategy is concerned with the organisation as a whole. Its basic question is: in what businesses should the company operate, and how should the corporate office manage those businesses? A single-business firm has a narrow corporate scope, while a diversified company has to decide the number and type of industries in which it will participate. These choices determine the broad risk, growth opportunities and management requirements of the group.

1. Choice of business portfolio. Top management decides whether the company should remain in one industry, enter related industries, or diversify into unrelated businesses. Related diversification may create benefits through common technology, brands, distribution channels or managerial skills. Unrelated diversification may spread risk, but it also makes coordination and control more difficult.
2. Growth, stability and withdrawal decisions. Corporate strategy decides where the company should expand, maintain its present position, reduce its activities